<u>RESPONSES OF DOMINION RETAIL</u>
<u>10/06/2008</u>

REQUEST FOR COMMENTS
To: All SB1299 workshop participants and other interested parties
Date: August 28, 2008
From: Torsten Clausen
Office of Retail Market Development
Illinois Commerce Commission

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The Office of Retail Market Development is taking a fresh look at existing requirements for providers of retail electricity services in Illinois and is looking for input from all interested parties. The list of questions presented here are not meant to be all-inclusive but Staff believes they provide a good starting point for further discussions.

For this inquiry, Staff asks the following:

1. Even if you do not have an opinion on all of the following topics, we encourage you to provide comments on the topics that are of interest to you.

2. <u>It is intended that all comments be publicly available</u>, probably through posting on the ICC web site. Please send your comments by September 29th, 2008. If you wish to provide reply comments, please do so by October 13th, 2008.

3. Please send your comments and reply comments to the following persons:

Torsten Clausen (tclausen@icc.illinois.gov), Christy Pound (cpound@icc.illinois.gov), and Joseph Fallah (jfallah@icc.illinois.gov).

Section 1

I. Public Act 95-0700 authorizes the Commission " to establish retail choice and referral programs to be administered by an electric utility or the State in which residential and small commercial customers receive incentives, including, but not limited to, discounted rate introductory offers for switching to participating electric suppliers."

1. Please state the benefits you anticipate from establishing retail choice and referral programs.

Retail Choice

- **Better electric offers for varying consumer needs/segments**
  - **fixed long-term, fixed medium-term, variable, variable w/Cap, DSM, aggregation, renewables, switching incentives, fixed bill w/no true up, etc.**
- **New product & service innovations**
  - **metering technologies, DSM, distributed generation, utility warranties, etc.**
- **Long-term competitive forces to keep prices in check**
  - **retailers will compete every day for customer's business, looking at longer-term "life time" value of electricity and other products & services**
- **New generation investment tied to Retail load growth**
- **Economic development tailored rates to local business, use of local contractors for ancillary products & services**
- **Competition brings better service. Customers reward good service (and punish bad service) quickly and efficiently**

Referral Program

- **A referral program will give customers, who have never selected an alternative provider for electric commodity service, an opportunity to do so for an introductory period with little or no financial risk.**
- **The program would provide for a guaranteed savings as compared to a tariff rate.**
- **The customer will have the ability to drop from the program at any time with no penalties.**
- **This customer contact with the utility (whether or not the customer elects to participate in the program) will provide the additional opportunity to reinforce and expand upon the educational efforts already initiated for customer choice.**

2. What are your concerns relating to the creation of such programs?

Retail Choice

The Price-To-Compare needs to be unbundled correctly and reflective of retail pricing. One major example of incorrect unbunling that harms choice markets is any type of subsidization and/or cost deferrals built into the Price-to-Compare. If the utility desires to "smooth out" increases in the Price-to-compare and collect costs over a longer term than bought for, this is NOT reflective of market prices and suppliers cannot compete. Actual costs for generation must be timely and reflect the market. Should the Commission ever decide to defer costs or subsidize generation costs, it should be done on the distribution side of the bill. Maryland (BG&E) decided to defer generation costs but they did it in a fashion that did not harm choice. They showed the correct market based Price-to-Compare on the bill and allowed a credit on the distribution side of the bill for the deferral. All customers, even those that switched still received the credit for the deferral. This is no way harmed retail choice. Similar examples can be seen in the natural gas industry. The utility predicts what the next three month gas cost (Price-to-compare) will be based on the futures NYMEX for the next three months. They track their costs as compared to their actual gas supply costs for each quarter and they build into the next Price-to-Compare any adjustments either up or down in the next three months. Often times, this adjustment can be so extreme that each quarter, the prices are not reflective of the current market.

Some examples of areas that may not allow the price-to-Compare to fairly equate between the wholesale based default service to retail offers are as follows: attrition, EDI data, compliance w/consumer protections & notifications, disclosure labels, general customer service, database investment & management. These cost items are a part of every retail company's costs, but are not required or needed for wholesale default service. For example, when a residential homeowner moves out of state, the wholesale provider automatically gets to supply the new homeowner- no attrition, less risk. Wholesale providers also do not exchange information by individual account through EDI transactions- retail suppliers must do this with the utility for each account. We point these out to impress upon the Commission that every additional requirement for disclosure, and every additional requirement for additional costs on the retail suppliers make a very difficult proposition much harder. Limiting pieces of paper and even minor costs help tremendously in allowing marketing opportunities that are economic for both the retailer and the consumer.

Minimum Stay Provisions for Customers returning to tariff service highly discourages switching, and pose a huge barrier for choice. Adequate supplier rules should also be installed to prevent overly aggressive enrollment tactics- for example strict guidelines for door-to-door marketing and cancellation penalties. The Commission should limit the cancellation fees for residential customers to a reasonable level and install significant monetary penalties for intentional slamming.

Referral Program

Reasonable discount percentage
Reasonable length of customer participation term
Adequate participation rules to prevent gaming by the RES.
Adequate incentive / encouragement for the utilities to embrace this program.
Must be on tariff
Only one enrollment per service account for the life of the account
RES is not prevented from signing up eligible customers for the same price and term as the Referral program
RES meets all RES qualifying requirements (state, regulatory, utility, ISO)
RES is EDI tested and qualified
RES must accept all enrollments under the referral program
RES may opt-into and opt-out of the program under notification rules- 30 days notice for example: If opting out, cannot re-enter for six months

In markets where a utility does not willingly embrace participation in such a program, there is a greater opportunity for the program to fail.

3. What are important characteristics of such programs?

Retail Choice

Effective customer education in advance of market opening (re-opening).
Customer list available from utility- name, address, usage, account or reference no. (Include whatever the utility enrollment criteria requires.)
Customer / RES friendly utility enrollment processes and procedures.
Purchase-of-Receivables program or equivalent
Municipal Aggregation
Utility referral programs
Allow customers to migrate in/out of Default Service anytime w/o penalty

Referral Program

Available through multiple media channels (phone, mail, web, e-mail, etc.)
Clear and understandable presentment of the program to customer.
Reasonable call-time duration for Call Center interaction.
Timely transfer of sign-up information to RES.
Standard terms and conditions for all participants.
Clear discounting mechanism managed by the utility.

4. Would you prefer these programs to be administered by an electric utility or the State?

Retail Choice and Referral Program

It is Dominion Retail's experience that the utility is in the best position to administer these types of programs.
Minimizing the number of different contact points will minimize the elapsed time/frustration level for most customers.
The utility will usually already have the 'other' needed information in their systems.
This will also be a single point of contact for new/changed service requests, as is today.
The utility is also a 'known' and 'trusted' resource to the customer.
Entry of a third party to this program will only result in problems and possibly cause it to fail, increase processing costs, increase utility and RES resource usage to correct problems (data and calls) and adds no real tangible benefits.
No other successful program uses a party other than a utility (or utility contractor).
Minimum contact points are preferable to customers.

Please describe your preferred administration of these programs as detailed as possible.

<u>Retail Choice</u>

RES will solicit customer or customer will contact RES to enroll in Choice.
 (mail, bill stuffer, phone, e-mail, web, door-to-door)
RES will submit and enrollment to the utility.
RES will enroll or reject enrollment and notify customer accordingly.
RES will maintain sign-up documentation
 (which could be requested by the utility, ICC, and others)
Utility (UCB) or RES (Dual/SBO) will issue bills accordingly.
Payments (POR) - utility will disburse payment for charges billed to customers.
Payments (Pay as you get paid) – RES will disburse payments to utility accordingly.

<u>Referral Program</u>

Eligible utility customer will contact the utility for some service request
 (Call, e-mail, Web Site, etc.)
The Utility Call Center will:
 complete the service transaction
 educate customer on Choice and Referral programs
 record customer enrollment in their system
 extract order / information and forward to the RES for enrollment
  (optimal processing would have the utility enroll the customer in their system and they would only send the RES a confirmation of enrollment EDI transaction.)
The RES will:
 receive the enrollment information from the utility
 update its systems
 process enrollment and send to utility under the normal enrollment procedures (if not actually enrolled by the utility).
 Send the customer a solicitation for a subsequent period (post referral)

5. From a procedural standpoint, what is the preferred manner in which the Commission would establish and/or approve such programs?

Should these programs be part of an electric utility's tariff?

Retail Choice and Referral Program

Since both of these programs were addressed in SB 1299 then they should be included in the utility tariff filings and approved by the Commission in the subsequent orders.

The programs included in the Ameren and Com Ed tariff filings should be as consistent as possible to minimize confusion, processing costs and the possibility of customer inequities between the utilities.

II. The statute describes three possible retail choice and referral programs as follows:

(1) An *introductory fixed discount program* in which suppliers participating in the program offer customers a fixed percentage discount off of the electric utility's supply rate for a set number of billing periods. Customers would be able to enroll in the program by using an online enrollment form, completing an enrollment card found in their monthly electric utility bill, or by calling a toll-free number. Customers would be free to withdraw from the program at any time and select another alternative retail electric supplier or return to the electric utility.

(2) A new customer program in which electric utilities would offer consumers initiating *new electric service* a choice of offers from participating electric suppliers to provide the consumer's electric supply service. Customers expressing a preference for a specific electric supplier would be enrolled with that supplier. Customers not expressing a preference for a specific electric supplier would be offered the opportunity to enroll with an electric supplier selected on a rotating basis.

(3) A customer service call center referral program in which *customers calling an electric utility's call center* would be offered enrollment with an alternative retail electric supplier and informed that they have the option to receive immediate savings or introductory offers by participating in the referral program. Customers choosing to participate would be transferred to a customer service representative for the program and would either select the electric supplier from which they would like to take service or be placed with a participating electric supplier chosen on a rotating basis.

1. Please comment on the desirability of having any of these three programs implemented and what the role of the electric utilities, the participating suppliers, the Commission, and others, if any, should be.

In Favor.

The Utility should manage the process since they are the hub of activity.
They already have the relationship with the customer, educational responsibilities, all of the customer information and control the bill.

The RES assumes the fulfillment role by agreeing to the rules of the program and providing the service to the customer under this plan.
The RES also has the opportunity/responsibility to educate and hopefully enroll this customer in a non-referral type service offering. If not successful at signing the customer to a new contract then, at least, the customer has been educated in the "Choice" process and may look for other offers from other RES in the future.

The ICC would fill educational and advocacy rolls.
They would coordinate or manage educational, administrative and regulatory aspects of these programs. The ICC would be the clearinghouse for educational information content and consistency. They would administer the maintenance of educational and informational media changes, updates, etc. They would obviously be responsible for regulatory oversight for these programs and their associated legislative and tariff rules and regulations.

The CUB would also assume some customer educational responsibilities and be an advocate for these programs.

2. Are there other retail choice and/or referral programs that you would like the Commission to consider? If so, please describe the characteristics of such programs in detail. For example, do you believe there should be other incentives and/or programs offered to low income consumers in Illinois? If so, should these be based on LIHEAP qualifications and what funding mechanism should be used?

No. Not at this time.
This topic should be re-evaluated every two years for changes in the Illinois Retail Market, economic changes for retail electric pricing and new product offerings that may create the desire to propose a new Choice / Referral type program.

III. The law further states that "reasonable costs associated with the implementation and operation of customer choice and referral programs may be recovered in an electric utility's distribution rates, except that any costs associated with any introductory discount for switching to a supplier shall be assumed by that supplier. Reasonable costs associated with the implementation and operation of a customer choice program may also be recovered from retail electric suppliers participating in a customer choice and referral program."

1. Please describe your preferred cost recovery mechanism in detail.

The preferred cost recovery mechanism for these programs (exclusive of the Referral "Discount" Cost) is through the utility's distribution rates. This would mirror similar cost recovery methods in other states/utilities where these costs were encountered in the late 1990's and early 2000's. This removes the utility cost as a barrier to entry. The RES will encounter many other similar set-up costs that will be necessary to participate in a new market. Incurring additional expenses to include utility costs for the programs will decrease the economic benefits that could be offered absent such costs. If these costs are too onerous there may be no benefit to the RES to participate in this market.

Section 2

I. Section 16-117 (b) of the PUA requires the Commission to "implement and maintain a consumer education program to provide residential and small commercial retail customers with information to help them understand their service options in a competitive electric services market, and their rights and responsibilities."

While the initial implementation of the program was required to be done in the 1999-2002 time frame, Staff is interested in the possibility of re-focusing the education program. Section 16-117(j) states that "each year the General Assembly shall appropriate money to the Commission from the General Revenue Fund for the expenses of the Commission associated with this Section."

Given that Section 16-117(k) requires the Commission to study the effectiveness of the consumer education program and complete such study "by January 31st of each year during the mandatory transition period", Staff is interested in the parties' assessment regarding the program's continued statutory support.

Staff is encouraged by the fact that the General Assembly did not establish a sunset date for Section 16-117 when it originally enacted the Section as part of the Electric Service Customer Choice and Rate Relief Law of 1997 and that this Section was not modified or eliminated at any time subsequent to the end of the mandatory transition period, including the passage of Public Act 95-0481last year.

1. Please explain whether the General Assembly should appropriate money to the Commission from the General Revenue Fund for the expenses of the Commission associated with Section 16-117.

This was a good idea then and with the new legislative changes it should be a better one now. The new legislative changes are more in line with mechanisms for successful Retail Choice as experienced by other states and utilities for both electric and gas service. This creates a better opportunity now for Retail Choice (Mass Marketing) to succeed than what was originally experienced in Illinois.
These other jurisdictions also created regulatory funding mechanisms for implementation of educational evdeavors.
We feel that this is consistent with the Legislature's interest and encouragement as reflected in SB 1299.

2. If you do not believe Section 16-117 is a funding source for any type of a Commission consumer education program, please describe other potential funding sources.

NA

3. Please describe the preferred Commission involvement in any consumer education program.

The ICC would be the leader/director of a collaborative group that would develop an Illinois Choice Education Program for the Unregulated Mass Market changes that are being implemented as a result of SB 1299.

As included above, "The ICC would fill educational and advocacy rolls. They would coordinate or manage educational, administrative and regulatory aspects of these programs. The ICC would be the clearing house for educational information content and consistency. They would administer the maintenance of educational and informational media changes, updates, etc.. "
[Examples - Coordinate information content, maintenance and standardization, manage an ICC Web Site and all links, standardize utility and RES educational interaction [as much as practical] with customers via phone, e-mail, web, face to face, bill stuffers, etc.]

4. Aside from any potential financial responsibilities, please also describe the preferred involvement of electric utilities, alternative retail electric suppliers, and others.

Involved parties to this educational effort would be invited to participate in a collaborative group as described in #3 above.
The collaborative group would develop the educational information content and consistency guidelines, plans for utilization of different distribution mediums and rules for maintenance input and procedures.
[Examples – appropriate parties will implement mechanisms for the release of educational material through web sites, call centers, mailings (post and e-mail), bills and / or face-to-face encounters.
Also, these web sites will contain links to other web sites for additional information (like a utility will have a link to the ICC Educational Web Site)]
All of this would be detailed in the collaborative meetings.

5. Besides printed materials and information published on public websites, what other specific mediums would you like to see used in such a campaign?

Direct Mail
Electronic billing (inserts and/or messages)
Other electronic communications like service response e-mails (include a link(s))
E-mail distribution of education materials or links
Call center reps and /or use of VRUs and other telephonic mediums and also subsequent mailing of material if requested.

TV, Radio, Bill Boards, Newspapers, Magazines
Results from these mediums are questionable after initial program introduction to the public. These should be re-evaluated every three to four months for effectiveness.

6. The Office of Retail Market Development is interested in creating an online place for consumers to compare offers of electric suppliers. The type of information displayed by the "Power To Choose" websites of Texas and New York as well as other sites such as the Pennsylvania Office of Consumer Advocate seem to be a good starting point.

Dominion Retail has, after many years of Choice participation, concluded that the Ohio-PUCO (Public Utility Commission of Ohio) Apples to Apples web site has been the most user friendly for both consumers and our employees.
We have had more interaction with customers after using this site than any other similar site in our footprint.
It is informative yet not complicated or over-informational (equating to frustrating for consumers). Given the regulatory climate and economic conditions of a specific market place there are various limitations on the applicability of releasing all data all the time. The market place, especially in a highly competitive period, would not allow the wide dissemination of all products and services all the time. These markets can be highly liquid and prices and terms can change daily/hourly to maintain a competitive position. The Apples to Apples web site provides the opportunity to present offers that will/can apply to all customers but there may be other offers that may be better explained in a medium that provides extensive explanation and description with the ability for human interaction.

So, although it may appear to some that listing more information is better, it may cause more confusion, complaints and a general dissatisfaction with Choice overall. Maintenance of rapidly changing information is costly within and organization let alone having to also maintain outside repositories as well.

a. Please describe what type of additional information not found on those sites you would like to see for the Illinois market.

None. The simpler the better.

b. Should the planned website display information for residential customers only?

Yes. Commercial accounts are more sophisticated and do not require this additional information site. Commercial marketing also involves many more pricing and term options tailored to the various commercial segments, making posting this information very burdensome.

c. How often should the information be updated?

Monthly for informational maintenance. Weekly for offer information.

d. Does the Commission have the authority to require suppliers to provide their relevant service offerings on such a website?

DR recommends against such a requirement. Voluntary programs work well in other jurisdictions, such as in Ohio and Pennsylvania, as a tool for both customers and suppliers.

If you believe the Commission currently does not have such authority, please explain why Section 16-117(h) of the PUA would not give the Commission the authority to do so. NA

e. In the event the information displayed on such a website is out of date, should the Commission (and does the Commission have the authority to) require the supplier to provide requesting customers the opportunity to sign up for a service offering displayed on the website even if the supplier has subsequently modified or eliminated such an offering?

Absolutely not. Pricing and terms can become outdated on an hourly basis because of changes in market conditions. Thus the site should contain a disclaimer stating that prices may change at anytime. Suppliers cannot be asked to hold pricing for any length of time. If they abuse this condition, the customers will be the quickest to detect and choose others.
DR opposes requiring suppliers to permit customers the ability to sign up via website enrollment even after the price and other terms of an offer may have changed. Such a requirement is neither fair to the supplier—for whom the prices and terms of wholesale electricity acquisition change constantly—nor is it conducive to a robust and flexible choice marketplace.
Various other states' web sites, where offer information is displayed, include disclaimer statements as to changes post publication. Customers are urged to contact utilities / suppliers for current rates.

II. Section 16-117(h) of the PUA states that "the Commission may also adopt a uniform disclosure form which alternative retail electric suppliers would be required to complete enabling consumers to compare prices, terms, and conditions offered by such suppliers." Assuming you agree that Section 16-117's legal standing has not changed following the end of the mandatory transition period, please comment on the following:

1. If the Commission were to adopt such a uniform disclosure form, what specific items should be on the form?

As discussed in Section I above, we do not agree with additional disclosure other than the contract terms and conditions. Additional disclosure is not required if the terms and conditions are somewhat standardized for the residential offers. If the Commission still feels this somewhat duplicate form is required, it should be designed as simply as possible. Commercial customers do not need additional disclosure. Commercial offers are more tailored and commercial customers are more sophisticated and require less "hand holding".

2. Do you agree, given that the items on the disclosure form would differ from offer to offer, that an ARES will have to complete such form for each product it offers at the time?

Because the offer terms and conditions have all of the same information, additional offer disclosure is not required. See answer to (1) above. The Commission should make certain the terms and conditions contain certain sections and topics.

3. Should this disclosure form be completed for residential offerings only?

NA. Dominion Retail doesn't think this form is needed. See answer to (1) above.

4. In addition to the planned website mentioned above, do you believe the Commission should make this type of information available in printed form and how should the material be made available?

NA. Dominion Retail doesn't think this form is needed. See answer to (1) above.

5. If so, how often should this printed material be updated?

NA. Dominion Retail doesn't think this form is needed. See answer to (1) above.

6. The Texas PUC recently adopted proposed changes to its requirements for information disclosures by retail electric providers.1 Among other changes, it proposed to create definitions for different types of contracts and proposed to prohibit retail electric providers from using the term "fixed" when marketing products that do not meet the two approved fixed price product definitions.

1 http://tinyurl.com/595jhn

If the ICC were to adopt similar requirements, do you believe the proposed definitions of the Texas PUC are a workable starting point for definitions applicable to the Illinois market? If not, what changes would be appropriate? In particular, please comment on ways to reflect the structural differences when it comes to the manner by which transmission and distribution service charges are billed and collected in Texas.

In its consideration of rules adopted by the Texas PUC, the ICC should be mindful that the electric choice marketplace in that jurisdiction is materially different because of the unique relationship between supplier and customer in that state. That is, unlike in most states, including Illinois, in Texas the supplier administers customer billing of both supplier and utility charges. Customer disclosure information and other communications by Texas suppliers to their customers must by necessity be more comprehensive and detailed than in Illinois and elsewhere where the supplier is not the billing entity.

III. Section 16-115A(e) of the PUA requires ARES to ensure that "any marketing materials which make statements concerning prices, terms and conditions of service shall contain information that adequately discloses the prices, terms and conditions of the products or services that the alternative retail electric supplier is offering or selling to the customer." It further states that "before any customer is switched from another supplier, the alternative retail electric supplier shall give the customer written information that adequately discloses, in plain language, the prices, terms and conditions of the products and services being offered and sold to the customer."

In addition, Section 505/2EE of the Consumer Fraud and Deceptive Business Practices Act states, among other things, that "an electric service provider shall not submit or execute a change in a subscriber's selection of a provider of electric service unless and until the provider first discloses all material terms and conditions of the offer to the subscriber […]" and it further states that "[…]the terms, conditions, and nature of the service to be provided to the subscriber must be clearly and conspicuously disclosed, in writing, and an electric service provider must directly establish the rates for the service contracted for by the subscriber […]"

1. Does Section 16-115A(e) and/or Section 505/2EE of the Consumer Fraud and Deceptive Business Practices Act give the Commission authority to require ARES to comply with disclosure obligations similar to Texas' Terms of Service document, the Electricity Facts Label, and the Your Rights as a Customer document?

See response to #6 above.

2. If you believe the Commission has the authority to create similarly detailed disclosure requirements, please indicate how they should differ from the Texas rules.

See response to #6 above.

3. Given that Section 16-115A of the PUA does not give the Commission explicit rulemaking authority pursuant to that Section, please state where such requirements could be incorporated or created.

This information can be included in the supplier's terms and conditions.

IV. 83 Ill. Adm. Code §451.60 allows applicants or ARES to request that the Commission enter an order to protect the confidential, proprietary or trade secret nature of any data, information or studies pursuant to 83 Ill. Adm. Code 200.430 if the applicant or ARES believes any of the information to be disclosed by an applicant or ARES is privileged or confidential. Typically, an ARES uses Code Part 451.60 to request confidential treatment for its annual call center report (filed pursuant to Code Part 410.45).

1. Please explain whether you believe that the Commission should generally grant such requests for confidential treatment of annual call center reports.

YES

2. If you do not believe such requests should be granted, please indicate and explain whether you think all of the items in the call center reports should be disclosed or only a subset of those reported.

NA

3. Aside from the existing reporting requirements, is there any other type of periodic report that you believe would be beneficial in a competitive retail electricity market? If so, please indicate the Commission's authority to require such a report.

Switching statistics. These are available today.

V. Section 16-122(b) of the PUA states that "upon request from any alternative retail electric supplier and payment of a reasonable fee, an electric utility serving retail customers in its service area shall make available generic information concerning the usage, load shape curve or other general characteristics of customers by rate classification. Provided, however, no customer specific billing, usage or load shape data shall be provided under this subsection unless authorization to provide such information is provided by the customer […]"

On the issue of providing a mass customer list to assist in retail market development, the Pennsylvania PUC adopted the following rule:

(a) An EDC or EGS may not release private customer information to a third party unless the customer has been notified of the intent and has been given a convenient method of notifying the entity of the customer's desire to restrict the release of the private information. Specifically, a customer may restrict the release of either the following:
(1) The customer's telephone number.
(2) The customer's historical billing data.
(b) Customers shall be permitted to restrict information as specified in subsection (a) by returning a signed form, orally or electronically.

(c) Nothing in this section prohibits the EGS and EDC from performing their mandatory obligations to provide electricity service as specified in the disclosure statement and in the code.2

2 52 Pa. Code § 54.8., Privacy of customer information. EDC stands for Electric Distribution Company and
EGS stands for Electric Generation Supplier.

1. Please explain whether Section 16-122 of the PUA would allow for a similar rule (PA) to be adopted by the Commission.

Section 16-122 of the PUA would appear to permit the Commission to adopt a rule similar to that in force in Pennsylvania. However, in DR's view, the Commission should first consider whether Section 16-122 already provides for an adequate level of customer protections.

2. In Docket No. 07-0241/0242 Consol., the Commission recently directed Peoples Gas and North Share Gas to provide alternative gas suppliers access to customer information. The Commission's February 5, 2008 Order (starting at page 298) creates three different tiers of reports, with the type of information provided and the customer consent required varying across the three tiers.

a. Please explain whether you believe a similar structure should be implemented for the retail electricity market.

Customer lists are one of the most important reasons why RESIDENTIAL choice is successful, mediocre or fails. With commercial, the numbers are small enough and not considered mass marketing so the expense and efficiencies gained are not as large. Here are the positive reasons for the utilities providing RESIDENTIAL lists to suppliers at no cost with name, service address, mailing address, rate class, usage and with either account number or some sort of reference number.

1. **Cost reduction- first, obtaining a list from the utility allows suppliers to avoid costly list purchases in the marketplace. List costs from these types of companies can range from 10 cents to 25 cents per name and the list is rented, meaning it can only be used for one year or less and must be repurchased after expiration. These costs are tremendous and are not reflected in a utility Price-to-Compare so it makes competing extremely difficult. What also adds to the expense is the fact that when you buy a list, it will not match the utility service area exactly- so you usually end up mailing to accounts that would be in another utility service area and would not be eligible for the offer- not efficient and adds to the expense and quite frankly causes customer complaints.**
2. **Utility provided lists also allow much better service to customers- when customers are required to provide their account nos. for enrollment (anti-slamming tactic), they are asked either over the phone or on a reply card to speak or write their account number. Approx 10 to 20% of these are either transposed or dictated incorrectly either by the customer or supplier because of the manual process. As a result, the customer may not ever get enrolled. Our policy is to send the customer a letter requesting the account number again- many go unanswered. The customer ultimately realizes they were never enrolled or enroll late and complain.**
3. **Higher sales with utility provided lists- the point of sale through direct mail or telemarketing is when the customer initially opens the mail piece or answers the telephone. If the customer must put down the offer letter or call the telemarketer back to provide the account number sales are ultimately lost- it has been proven that sales can be increased by 20% if the customer is not required to provide the account number. If the account number is provided by the utility, it is bar coded onto the mail piece and scanned when returned to the supplier. A manual process is avoided and accuracy and efficiency is much greater and leads to a lower acquisition costs and ability to compete. The bar coding also provides another level of security by protecting the customer's account number from being viewed.**
4. **Lists with account numbers can be provided without increased risks of slamming or customer other privacy issues. Customer should be asked if they would like to be removed form the utility provided list- 10 to 20% typically opt-out. The remaining customers elect to receive competing offers. Also, concerning slamming, when the utility receives an enrollment request from a supplier, the utility can be required to send a confirmation letter to the customer stating that if this enrollment is incorrect please call them back. This is an anti-slamming technique employed in PA where accounts numbers are provided on the utility provided lists. There are no slamming issues in PA or any other state that provide customer lists where we currently operate (MA, CT, OH).**

The importance of utility provided lists especially for the mass-market residential consumers cannot be overlooked. It does indeed make a huge difference in how many offers can be provided each year, if any because it directly affects "head room" and acquisition costs of the supplier to put offers out and process for very large numbers of individual accounts.

b. Please explain whether Section 16-122 of the PUA would allow for a similar rule to be adopted by the Commission.

See response to subsection a.

<u>VI. What provisions related to the operation of a competitive retail electricity market currently not found in the statute, in administrative code parts, utility tariffs, or other regulations would you like to see created?</u>

For each proposed provision, please provide proposed language and the preferred mechanism to create such provisions.

For example, if you propose that all contracts for electricity service be printed on blue paper, please provide the proposed wording of such a requirement and indicate whether such a requirement should be part of a utility's tariff (if so, which tariff section?), an existing or new administrative code part, or some other mechanism.

For each proposed requirement please state the Commission's source of authority for doing so.

In addition, if you propose that certain requirements be part of a utility's tariff, please also state whether you view that to be a permanent place for such requirements or if you propose that these tariff requirements be temporary until a permanent placement has been created.

Should the Commission require environmental disclosure labels, these should be sent annually by the utility. Customers are usually served electricity from the power pool in general. As a result, all emissions and generation sources will be the pool average. If the utility is required to mail this to all its customers on an annual basis, they should also include supplier customers, but only if the supplier customers are served at the average. Suppliers are simply asked each year if they have a specific product (for example a renewable offer) and if they do, the supplier should be required to send their own disclosure.